

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, Dec 2021

Course: Accounting for Managers
Program: MBA (AVM)
Course code: FINC7010

Semester: I
Time: 03 hrs.
Max. Marks: 100

SECTION A

- 1. Each Question will carry 2 Marks**
- 2. Instruction: Complete the statement / Select the correct answer(s)**

S.No	Questions 1 to 10 (Total 20 marks)	CO
Q.1	Purchase of an asset Shop ₹30000 as per accounting equation. So, the current assets will _____ and fixed assets will _____.	CO1
Q.2	In case of nominal accounts, the decrease in the nominal accounts balance is _____.	CO1
Q.3	Working capital is a capital which a firm needs to run its long-term production process and manufacture goods. (True/ false)	CO1
Q.4	_____ cannot be changed by any decision. They are not differential costs and should be ignored when making decisions.	CO1
Q.5	Business pays cash for new inventory. So, the current asset will _____ and cash at bank will _____.	CO1
Q.6	Which of the following is NOT true for the need of IRFS? a) Growth in international investment. b) Decline in the number of multinational organisations. c) As quite a few countries now have their own standard-setting bodies, it is desirable that their efforts be harmonised. d) The need for accounting standards in countries that cannot afford a standard-setting body of their own	CO1
Q.7	In the preparation of cashflows, _____ activities are related to the changes in investments and assets sale/ purchase.	CO1
Q.8	Economic Order Quantity the amount of the order which provides optimum cost-cutting measure in buying material and eventually adds in the direction of maintaining the material at the best point with least amount of cost. (True/ False)	CO1
Q.9	Salesmen commission expense cost is a a) Production of cost b) Selling cost c) Distribution cost d) Anyone of these	CO1
Q.10	_____ depicts the interest/claims of outside shareholders in the subsidiary.	CO1

SECTION B

1. Each question will carry 5 marks

2. Instruction: Write short / brief notes in your own words only.

Q 11	Calculate the value of closing stock are per FIFO METHOD of inventory valuation as per AS 2.			CO3	
			Quantity in Units		Rate per unit (₹.)
	2021 April 1	Opening Stock	500		9.8
	2021 April 3	Purchases	400		10.2
	2021 April 11	Issues	350		
	2021 April 15	Purchases	500		11.3
	2021 April 20	Issues	200		
	2021 April 25	Purchases	250		10.2
2021 April 29	Issues	200			

Q 12	Journalize the flowing transactions: 1) Paid into bank ₹15,000 for a current opening account. 2) Withdrew for private use ₹1400. 3) Withdrew from bank ₹ 4,500 4) Withdrew from bank for private use ₹ 6,500 5) Placed on fixed deposit account at bank by transfer from current account ₹ 7,000.	CO4
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Q 13	Explain the need of preparing consolidated financial statements by a company.	CO2
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Q 14	Country House purchased a new computer system on October 1, 2020, at a cost of ₹.96,000. The company estimated that the machine would have a salvage value of ₹12,000. The system is expected to be used for 10,000 working hours during its five-year life. Compute the depreciation expense under the following method for the year indicated: a) Straight-line for 2020 b) Define the assets as per AS 6 which are not depreciated.	CO2
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SECTION C

1. Each Question carries 10 Marks.

2. Instruction: Write long answer.

Q 15	Ramya Engineering Co. Ltd. has prepared the following Budget estimates for the year 2022 Sales ₹. 270,000 Fixed expenses ₹. 61,200 Variable expenses ₹. 162,000 Calculate (i) P/V ratio (ii) BEP (iii) Necessary sales to earn a profit of ₹. 70200 (iv) Contribution when sales = ₹. 320,000 (v) Expected profit when sales = ₹. 350,000	CO3
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Q 16	The following information is extracted from Kotari Ltd., financial statement: Cost of goods sold ₹. 32,00,000	CO4
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	Sales ₹. 50,00,000 Average Debtors ₹. 4,60,000 Average Stock ₹. 20,50,000 Average assets ₹. 70,00,000 Net profit ₹. 20,40,000 Activity ratios such as debtors turnover, stock turnover and total assets turnover are _____, _____ and _____ respectively	
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Q 17	State the nature of expenses, incomes and losses shown in the Income Statement. <i>OR</i> State the nature of operating and non-operating expenses shown in the cash from operating activities.	CO1
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SECTION D

1. Each Question carries 15 Marks.
2. Instruction: Write long answer.

Q 18	Prepare Income Statement for the year ended 31st March, 2020 and Balance Sheet as at that date as per vertical format, from the following Trial Balance and information.																																																																	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Dr.</th> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Cr.</th> </tr> </thead> <tbody> <tr> <td>Plant & machinery (DOA 1/7/2019)</td> <td style="text-align: center;">190000</td> <td>Creditors</td> <td style="text-align: center;">100000</td> </tr> <tr> <td>Furniture & Fixtures (DOA 1/7/19)</td> <td style="text-align: center;">100000</td> <td>Bills Payable</td> <td style="text-align: center;">5600</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: center;">75000</td> <td>10% loan from bank (taken on 1/7/19)</td> <td style="text-align: center;">50000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: center;">207000</td> <td>Capital</td> <td style="text-align: center;">519000</td> </tr> <tr> <td>Bills Receivables</td> <td style="text-align: center;">10000</td> <td>Sales</td> <td style="text-align: center;">630000</td> </tr> <tr> <td>12% Investments (DOP 1/7/19)</td> <td style="text-align: center;">50000</td> <td>Purchase returns</td> <td style="text-align: center;">5000</td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: center;">5000</td> <td>Discount earned</td> <td style="text-align: center;">1000</td> </tr> <tr> <td>Cash at Bank</td> <td style="text-align: center;">10000</td> <td>Bad debt recovered</td> <td style="text-align: center;">2500</td> </tr> <tr> <td>Drawings</td> <td style="text-align: center;">10650</td> <td>Interest</td> <td style="text-align: center;">3000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: center;">525000</td> <td>Commission</td> <td style="text-align: center;">3750</td> </tr> <tr> <td>Sales Return</td> <td style="text-align: center;">10000</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: center;">18500</td> <td></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: center;">500</td> <td></td> <td></td> </tr> <tr> <td>Carriage outwards</td> <td style="text-align: center;">350</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: center;">3000</td> <td></td> <td></td> </tr> </tbody> </table>	Particulars	Dr.	Particulars	Cr.	Plant & machinery (DOA 1/7/2019)	190000	Creditors	100000	Furniture & Fixtures (DOA 1/7/19)	100000	Bills Payable	5600	Opening stock	75000	10% loan from bank (taken on 1/7/19)	50000	Debtors	207000	Capital	519000	Bills Receivables	10000	Sales	630000	12% Investments (DOP 1/7/19)	50000	Purchase returns	5000	Cash in hand	5000	Discount earned	1000	Cash at Bank	10000	Bad debt recovered	2500	Drawings	10650	Interest	3000	Purchases	525000	Commission	3750	Sales Return	10000			Wages	18500			Carriage inwards	500			Carriage outwards	350			Rent	3000			CO2
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Insurance	3600		
Salaries	11200		
Discount allowed	2000		
Bad Debts	5000		
Interest	2500		
Selling & Distribution expenses	15800		
Income tax paid	1000		
Loose Tools	3750		
Buildings	60000		
	1319850		1319850

Additional Information:

- a. Closing stock ₹. 93600. Loose Tools valued at ₹.1250.
- b. Rent payable at the rate of ₹.300/ month. Insurance Premium was paid for the year ending on 30 June 2019. ₹.1250 is due for interest on Bank loan.
- c. Accrued interest on investments amounted to ₹.1500. One-third of the commission received is in respect of work to be done next year.
- d. Depreciation on Plant & Machinery @10%p.a. Write off 10% on Furniture & Fixtures. Depreciate Buildings by 5%.
- e. Write off further ₹.5000 as bad. Create provision for discount on debtors @ 2%. Create a provision for doubtful debts @10%.
- f. A fire occurred on 25th March 2020 in the godown and stock of ₹.1000 was destroyed, it was fully insured but the insurance company admitted the claim to the extent of 60% only.
- g. Goods costing ₹.2000 were taken by the Proprietor for his personal use but no entry has been made in the books of accounts.
- h. Goods costing ₹.3000 were distributed as free samples but no entry has been made in the books of accounts.
- i. Manager entitled to a commission of 5%on net profit after charging his commission.
- j. Wages include a sum of ₹.4000 spent on the erection of a cycle shed for employees and customers. Wages ₹.10000 paid for erection of machinery have been debited to Wages account.

K. Remuneration of ₹.3000 paid to Mr. Barua, a temporary employee, stands debited to his personal account.

Q 19 From the following figures extracted from the books of MV Co. Ltd. On 31.3.2020, prepare a cost sheet

CO3

Inventories (opening):	
Finished goods	90,000
Raw materials	1,50,000
Work-in-progress	2,25,000
Office appliances	17,800
Plant and machinery	4,80,500
Buildings	5,00,000
Sales	7,70,000
Sales returns	15,000
Materials purchased	4,20,000
Freight on material purchases	19,000
Purchase returns	3,800
Direct labour	1,76,000
Indirect labour	28,000
Factory supervision	14,000
Factory upkeep and repairs	15,000
Heat light and power	75,000
Rates and taxes	6,500
Miscellaneous factory expenses	18,800
Sales commission	33,600
Travelling expenses	12,000

Sales promotion expenses	22,300
Salaries and expenses of distribution dept.	20,000
Office salaries and expenses	8,800
Interest on borrowed funds	2,500

The following details are also available:

- (i) Closing inventories:
- | | |
|------------------|-------------|
| Finished goods | ₹. 1,18,000 |
| Raw materials | ₹. 1,50,000 |
| Work-in-progress | ₹. 1,52,000 |
- (ii) Accrued expenses:
- | | |
|----------------------------|----------|
| Direct labour | ₹. 7,000 |
| Indirect labour | ₹. 1,500 |
| Interest on borrowed funds | ₹. 2,500 |
- (iii) Depreciation to be provided on:
- | | |
|---------------------|-----|
| Office appliances | 5% |
| Plant and machinery | 10% |
| Buildings | 5% |
- (iv) Distribution of the following costs:
- Heat, light and power to factory, office and selling in the ratio of 7:2:1
- Rates and taxes two-thirds to factory and balance to office
- Depreciation on buildings to factory, office and selling in the ratio of 8:1:0

OR

2. Builtman Ltd. has 3 production depts. P1, P2 and P3 and 2 service depts.. S1 and S2. The following figures are extracted from the records of the company:

	₹.
Rent	15,000
Municipal taxes	5,000
Electricity	2,400
Indirect wages	6,000

Power	6,000
Depreciation of machinery	40,000
Canteen expenses	30,000
Other labour related cost	10,000

Following further details are available:

	P1	P2	P3	S1	S2
Floor space (sq. metres)	1000	1250	1500	1000	250
Light points (no.)	40	60	80	40	20
Direct Wages (₹.)	12,000	8000	12000	6000	2000
Horse power of machines	60	30	50	10	-
Cost of machinery (₹.)	48,000	64000	80000	4000	4000
Working hours	2335	1510	1525	-	-
The expenses of the service depts are allocated as follows					
	P1	P2	P3	S1	S2
S1	20%	30%	40%	-	10%
S2	40%	20%	30%	10%	-

You are required to calculate overhead absorption rate per hour in respect of the three production depts.